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BODY:

Hitachi Electron Devices will focus on LCDs and liquid-crystal-on-silicon (LCoS) microdisplays in addition to projection TV tubes as result of its decision to scrap production of direct-view CRTs, Gen. Mgr. Thomas Heiser said.

Hitachi said last week it would stop production of 31", 32" and 36" conventional direct-view tubes at Greenville, S.C., plant by April in cost-saving measure that would trim 270 jobs. However, it will continue to build 7" projection tubes on 3 production lines at same factory. In attempt to remain in direct-view business, Hitachi had weighed adding flat-screen tubes, but concluded that declining prices for projection TV eventually would eat into market for big-screen sets, Heiser said. While Thomson's RCA 38W has been priced above \$2,000, Panasonic 47W high-definition monitor was promoted recently at Costco at \$1,799. "We see the market share of 36" and 32" getting eaten away by projection and other technologies in the next 5 to 10 years," Heiser said. "The price erosion got to a point where it wasn't economical to do it any more and to focus on our real strength in projection."

In end, surplus of manufacturing capacity for 32" and 36" tubes was driving consolidations that resulted in Philips' and LG Electronics' joining forces and Thomson and Matsushita weighing alliance. "There either had to be consolidation or everybody was going to be in bad shape," Heiser said. "We put a lot of effort into the marketing side of our business and I can't figure out how the economics of it work anymore because there is no correlation between what it costs you to build a tube and what a television sells for." While rule of thumb once was that finished TV would be 3 times cost of picture tube, "those are out the window," said Heiser noting that Wal-Mart carried 32" TV at \$249 in recent holiday selling season. "The tube doesn't cost more than that, but it's more than that when you add in plastic, overhead and a factory."

While Hitachi will focus on 7" tubes, it still is holding 9" in reserve. It had marketed 9", "but the problem was that while it made the best picture, nobody wanted to spend the money on it," Heiser said. Philips had offered 9" HD-ready projection TV several years ago. Although Hitachi has TV assembly facility in Tijuana, Mexico, it has no plans to move projection tube production there as well, Heiser said. Noting that Hitachi completed construction of 3rd projection tube line at Greenville facility late last year, Heiser said "our plan is to expand sales there as much as we can." While it continues to market projection tubes, Hitachi also will make push in large size LCDs as well as LCoS microdisplays for rear-projection TV applications. Hitachi had unveiled 0.9" LCoS display last June in front projector priced around

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\$13,000, and showed it in 55W rear-projection TV at CES in Jan. with 1365x1024 resolution.

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